

Biden v. Byrne

C/A No. 2:23-cv-09430-SVW-PD

Plaintiff Robert Hunter Biden's Motion for Entry of Default Judgment

EXHIBIT B

(Patrick Byrne, A Message to
My Former Colleagues at
Overstock, DeepCapture.com
(Sep. 18, 2019))



DEEP EMANCIPATION

THE DEEP CAPTURE CAMPAIGN

A Message to My Former Colleagues at Overstock



BY PATRICK BYRNE · SEPTEMBER 18, 2019

Dear Erstwhile Teammates,

As you will learn from an SEC filing today, over this past week all my shares in OSTK were sold. Before I left for Australia I put it all in the hands of Mr. Pettway (whom some of you know), for it had already become clear to me that this was the right thing to do (and I decided to come SCUBA-diving in Asia so as to be as far removed from it as possible). The riff-raff will tell you that my departure and sale were from a lack of confidence in what I left behind in Peace Coliseum: they are wrong, and I would like to tell you all the actual reasons before the yuck-yucks spin the truth.

1. **Insurance** – The proximate cause for my departure was, in fact, the impossibility of our getting corporate insurance with me still at the helm. Your CFO Greg Iverson reported to the board in writing on Saturday August 17 that it was “impossible” to get insurance with me there, and on Monday August 19 in a politely worded letter our insurance brokers at Marsh said much the same thing. Just as we learned in *Game of Thrones* that behind the scenes the Iron Bank makes the big decisions, in Corporate America insurance companies get the last say. As I wrote the board at the time, while we could have gotten into the game of parsing what “impossible” means (like Bill Clinton arguing about “what the meaning of ‘is’ is), when it comes down to doing that with a CFO and insurance broker, it is time for the CEO to eject.
- **Controversy** – You think me controversial now, but you ain’t seen nothing yet. I know enough to fry the Deep State to ashes. The Deep State and the oligarchy are entwined, and they won’t die quietly. There is going to be an enormous amount of return fire directed at me: the blather of the hedge fund choagies in the financial

press against Overstock since I came forward is a manifestation of that (look back at what happened when I first came forward: there was silence for two weeks as the Bosses readied a new party line, then it came at us simultaneously from all directions at once). The agitprop press does not bother me (I hope it is helping you with traffic, though I have 0 idea, as I cut myself off from all information within the company the day I left). But wherever they go the organs of the Deep State (including the SEC) will surely follow. If I had stayed at Overstock or even remained a large owner of OSTK, they would try to break Overstock as a way of crippling me. With me no longer an executive, a board member, or even a shareholder, it becomes pointless for them to try to get at me that way. There are other ways they will come for me, but there is no edge for them to come through Overstock to do it.

- **Hedge** – In both July and in August I wrote lengthy letters to shareholders, but in truth they were to you as well, so that you would know the full lay of the land after I left. As I said there, in 2019 I thought Retail's bottom line would do \approx \$115 million – \$120 million better than last: continue what you are doing, and you should be able to make another \$40-\$50 million in gains next year (which means Retail will spit out about that much cash after its own reinvestment needs are met). Medici is indeed a large cash drain in 2019 as its world-changing products are completed and stood up, but next year that should be significantly reduced (either though revenue from completed products, or having some of those firms reach the stage where they can begin drawing their own investors), bringing Medici's projected cash needs under the amount Retail spits out (with perhaps a \$10 million buffer). I have not seen or been told a number since I left (in fact, I think I have not spoken to an Overstock executive since Monday, August 23) so I cannot comment past the understanding expressed in those letters. But your bottom line has been on such a recovery in the first eight months of 2019 that this general strategy seemed sound.

The reasons given above describe the course Pettway and I planned on taking (and just in case there are any questions about it someday, there are five witnesses within the company who can confirm that by August 19 I had let them know I would be selling all my shares in the week or two before the dividend, but as late as possible while still allowing me time to move out of all my holdings). Pettway and I knew we had had made the right decision, however, came when we heard over the weekend that starting last Friday, the Deep State's pets at the SEC began leaking something to their clients JPMorgan, Morgan Stanley, and Goldman (and here as citizens I bet you thought *we* were their clients, right? lol) That is to say, the SEC leaked that they were going to Bazoomba our digital dividend. Once that started getting back to me, I realized that whenever I have had any question about whether the SEC would or would not do something totally outrageous in order to hurt our company to benefit their clients on Wall Street, they never let me down: they

always did the evil thing. So Pettway, whose finger was poised over the button of the ejection seat, hit it, especially because he knows I need the ammo to go to war against the Deep State.

This past month I have been following the US economy and the deteriorating world situation, and I am growing worried, as I am sure you are as well. If the US enters a recession (or even worse, if The Big One comes), the strategy I just outlined above will be difficult to make work in the short term. The good news is that a collapse of Wall Street would crush your main competitor, Wayfair: so far their business model has been predicated on losing \approx \$3 billion without a remotely break-even quarter, while replenishing continually thanks to their Wall Street promoters (e.g., Goldman), but in a recession that game will end.

A downturn would hurt Overstock as well, but your firm has repeatedly shown the ability to roll with whatever punches get thrown, while Wayfair's expense structure is so lopsided (with, as you can see, expenses that run 2X their "nectar\$"), they will not be able to adjust such an event.

For these reasons it may give you some comfort to know what I am doing with the capital generated by the sale of my stock. After paying tens of millions in taxes (after all, "We didn't build that," right?) by Friday the rest will be in investments that are counter-cyclical to the economy: Gold, silver, and two flavors of crypto. The gold and silver are stored

outside of the United States, in Switzerland, and within two weeks, will be scattered in other locations that are even more outside of the reach of the Deep State, but are places that are safe for me. The crypto is stored in the place where all crypto is stored: in mathematical mist, behind long keys held only in the memory of someone who is quite good at storing such things in memory (with paper backups in the hands of a priest I met 35 years ago who never sits foot in the West).

These acts accomplish two objectives:

1. ***It provides a hedge for Overstock.*** If the economy craters and thus Overstock runs into tough times, those investments will soar (that's what "hedging" a bet means) and you will have access to capital if needed. In fact, you will have not just access to capital, you will have access to the friendliest capital imaginable: *my own*. I have to wait six months for it to be legal, but anytime after March 17, 2020 I can provide a capital injection (if needed) by buying back into Overstock. Please remember that as you watch the global chaos. If you see the US economy cratering please do not lose the sleep you otherwise might: you will have a friend who has sunk (almost) his entire fortune into investments that will soar if a crisis occurs, and who knows your business well, and who appreciates you.
- The other thing accomplished by the investment moves I described above is that my ammunition gets moved outside acts of retaliation from the Deep State. That is important because, in fact, I am now going to shellac them. Actually, "shellac" is too weak a word for what I intend to do to the Deep State. Sit back and enjoy the show.

You may note that I said, "almost". I did make an investment in a business in an unrelated industry, a firm with a wonderful invention but so far afield from ecommerce or blockchain that your board had no interest in hearing about it. I suspect that in time you may hear of it, though.

Until then, live long and prosper, my friends.

With great admiration, memories, and affection,

Patrick

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